

## Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2012, 2013, 2014, 2015 and 2016

	Millions of yen					% change 2016/2015
	2012	2013	2014	2015	2016	
<b>For the year:</b>						
Net sales	¥1,207,675	¥1,410,472	¥1,521,207	¥1,631,158	¥1,502,834	(7.9)%
Sales by market:						
Japan	152,283	147,806	162,824	166,017	164,233	(1.1)
Overseas	1,055,391	1,262,665	1,358,383	1,465,141	1,338,601	(8.6)
Sales by product:						
Motorcycles	798,676	928,203	977,580	1,032,560	930,112	(9.9)
Marine products	196,320	243,362	276,367	309,337	297,216	(3.9)
Power products	103,588	126,722	142,204	169,495	152,310	(10.1)
Industrial machinery and robots	30,813	32,261	38,942	46,501	46,871	0.8
Other products	78,276	79,922	86,113	73,262	76,322	4.2
Cost of sales	235,068	318,765	372,849	436,525	402,660	(7.8)
Operating income	18,598	55,137	87,249	130,329	108,594	(16.7)
Ordinary income	27,267	60,092	97,279	125,231	102,073	(18.5)
Profit attributable to owners of parent	7,489	44,057	68,452	60,023	63,153	5.2
Net cash provided by (used in) operating activities	(2,385)	66,976	93,618	28,475	143,163	402.8
Net cash used in investing activities	(51,081)	(62,679)	(72,470)	(68,475)	(46,541)	(32.0)
Free cash flows	(53,466)	4,296	21,148	(40,000)	96,622	—
Net cash provided by (used in) financing activities	15,761	3,620	(8,908)	6,845	(67,627)	—
Capital expenditures	48,788	56,800	65,871	64,064	61,330	(4.3)
Depreciation expenses	34,278	36,407	37,667	44,324	42,434	(4.3)
<b>At year-end:</b>						
Total assets	¥ 962,329	¥1,146,591	¥1,310,040	¥1,305,236	¥1,318,776	1.0 %
Net assets	341,561	422,792	503,224	531,700	575,404	8.2
Interest-bearing debt	326,976	382,929	403,652	410,148	364,381	(11.2)
<b>Ratios:</b>						
Operating income margin (%)	1.5	3.9	5.7	8.0	7.2	
Return on equity (%)	2.5	12.7	16.2	12.6	12.3	
Equity ratio (%)	32.0	33.5	35.1	37.6	40.5	
Price/earnings ratio (times)	44.2	12.5	12.5	16.0	14.2	
Debt/equity ratio (%)	106.2	99.7	87.8	83.6	68.2	
<b>Per share amounts:</b>						
Net income—basic	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89	¥ 180.84	5.2 %
Net income—diluted	—	126.20	196.04	171.88	180.83	5.2
Net assets	881.88	1,099.84	1,316.58	1,405.35	1,529.53	8.8
Cash dividends	10.00	26.00	40.00	44.00	60.00	36.4
<b>Share performance (at year-end):</b>						
Price per share (yen)	¥ 949	¥ 1,577	¥ 2,442	¥ 2,744	¥ 2,574	(6.2)%
Market capitalization	331,288	550,585	852,683	958,264	898,931	(6.2)
<b>Other data (at year-end):</b>						
Number of shareholders	32,873	29,474	30,416	34,214	42,031	22.8 %
Number of employees	53,958	53,382	52,662	53,306	53,150	(0.3)

Notes: • References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.

• With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.

• From the fiscal year ended December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses." To reflect this change in presentation method, the consolidated financial statements for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015 have been reclassified.

## Financial Data by Market

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31, 2015 and 2016

### Motorcycle Unit Sales by Market

	Thousand units		% change 2016/2015
	2015	2016	
Japan	110	110	(0.0)%
North America	89	77	(13.3)
Europe	209	208	(0.8)
Asia <sup>Note</sup>	4,286	4,307	0.5
Others	524	452	(13.7)
Total	5,218	5,154	(1.2)%

Note: Excluding Japan

### Sales by Market

	Motorcycles			Marine products			Power products		
	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015
	2015	2016		2015	2016		2015	2016	
Japan	¥ 46,289	¥ 47,000	1.5 %	¥ 26,607	¥ 28,484	7.1 %	¥ 15,586	¥ 14,339	(8.0)%
North America	72,289	55,894	(22.7)	180,691	172,236	(4.7)	116,939	104,642	(10.5)
Europe	136,185	127,868	(6.1)	39,187	40,804	4.1	17,456	16,365	(6.2)
Asia <sup>Note</sup>	628,705	579,594	(7.8)	18,696	17,022	(9.0)	5,931	5,118	(13.7)
Others	149,092	119,754	(19.7)	44,155	38,668	(12.4)	13,581	11,845	(12.8)
Total	¥1,032,560	¥930,112	(9.9)%	¥309,337	¥297,216	(3.9)%	¥169,495	¥152,310	(10.1)%

	Industrial machinery and robots			Other products		
	Millions of yen		% change 2016/2015	Millions of yen		% change 2016/2015
	2015	2016		2015	2016	
Japan	¥17,686	¥15,979	(9.7)%	¥59,847	¥58,429	(2.4)%
North America	2,661	3,469	30.4	120	219	81.9
Europe	4,463	5,306	18.9	5,301	8,571	61.7
Asia <sup>Note</sup>	20,877	20,481	(1.9)	3,336	4,528	35.7
Others	811	1,634	101.4	4,657	4,573	(1.8)
Total	¥46,501	¥46,871	0.8 %	¥73,262	¥76,322	4.2 %

Note: Excluding Japan

# Financial Highlights

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended December 31

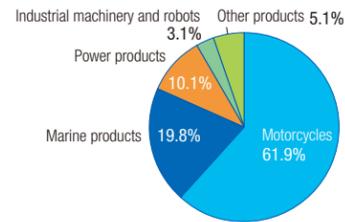
## POINT

Net sales declined 7.9% from the previous year, to ¥1,502.8 billion, due to the yen's appreciation against various currencies.

In terms of profit, despite improved profitability as a result of cost reductions, the significant impact of the exchange rate resulted in a 16.7% decline in operating income, to ¥108.6 billion. Profit attributable to owners of parent increased in the absence of one-time negative items recorded in the previous year.

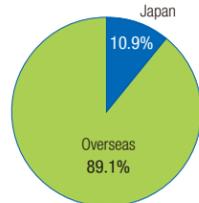
### Percentage of sales by product segment

(Year ended December 31, 2016)



### Percentage of sales by market

(Year ended December 31, 2016)



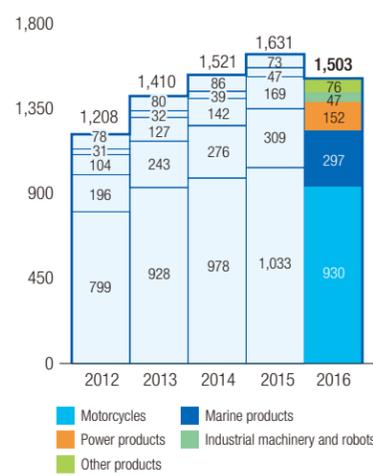
### Operating income and operating income margin

(Billion ¥) (%)



### Sales by product segment

(Billion ¥)



### Profit attributable to owners of parent and ratio of profit attributable to owners of parent to net sales

(Billion ¥) (%)



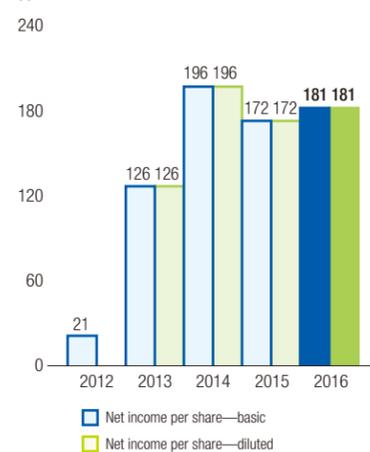
### Sales by market

(Billion ¥)



### Net income per share

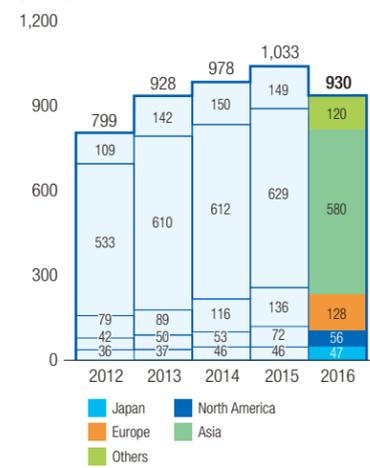
(¥)



Note: Net income per share—diluted for fiscal 2012 is not listed as there were no potential shares with dilutive effect.

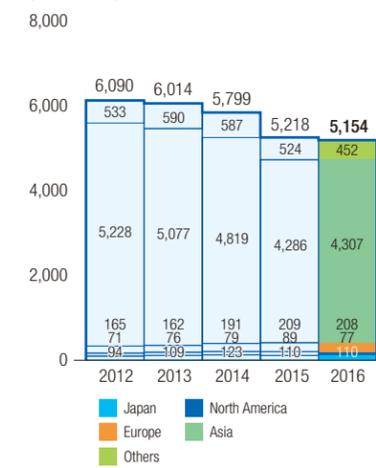
### Motorcycle sales by market

(Billion ¥)



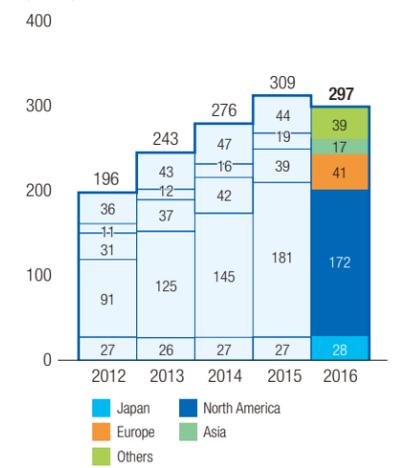
### Motorcycle unit sales by market

(Thousand units)



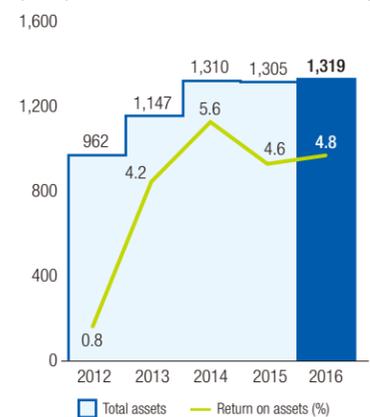
### Marine product sales by market

(Billion ¥)



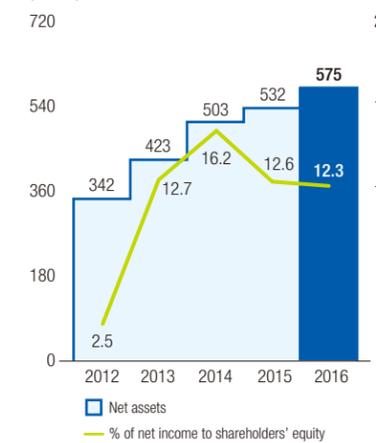
### Total assets and return on assets

(Billion ¥) (%)



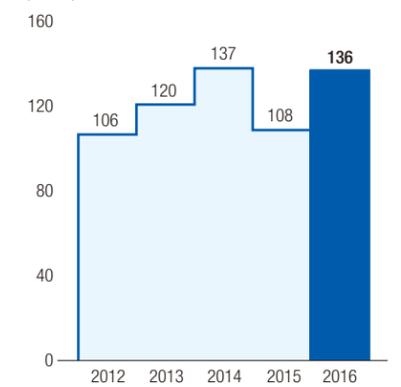
### Net assets and % of net income to shareholders' equity

(Billion ¥) (%)



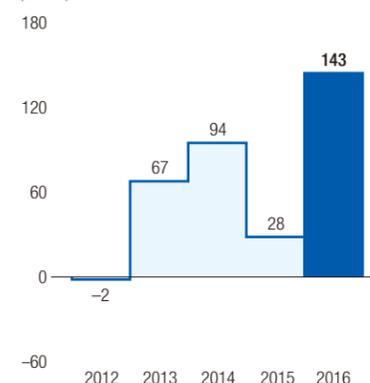
### Cash and cash equivalents at the end of the year

(Billion ¥)



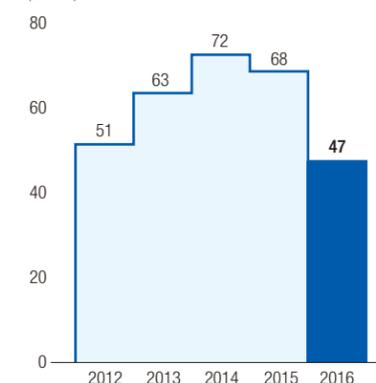
### Cash provided by (used in) operating activities

(Billion ¥)



### Cash used in investing activities

(Billion ¥)



### Free cash flows

(Billion ¥)



# Management Discussion and Analysis of Operations

## Overview

During the fiscal year ended December 31, 2016 (fiscal 2016), the global economy saw a spate of transformations from conventional systems and frameworks, including the U.K.'s decision to leave the E.U. and anti-globalization following the U.S. presidential election. In Japan, corporate earnings, employment and personal income conditions improved against a backdrop of government economic policy and the monetary easing policy of the Bank of Japan, but a sense of stagnation remained with regard to escape from deflation and economic growth.

In terms of the Company's major markets, a sense of economic stability generally continued in the developed markets. Meanwhile, in the emerging markets, the situation differed in each country. The economy recovered in ASEAN countries excluding Indonesia, and India achieved favorable growth. However, economic recovery was stagnant in Indonesia, and the economy was sluggish in China and Brazil.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review declined ¥128.3 billion, or 7.9%, year on year, to ¥1,502.8 billion, and operating income declined ¥21.7 billion, or 16.7%, to ¥108.6 billion. Ordinary income declined ¥23.2 billion, or 18.5%, to ¥102.1 billion, and profit attributable to owners of parent rose ¥3.1 billion, or 5.2%, to ¥63.2 billion.

## Sales Performance by Business Segment

### Motorcycles

Net sales declined ¥102.4 billion, or 9.9%, year on year, to ¥930.1 billion, and operating income declined ¥3.2 billion, or 8.1%, year on year, to ¥36.0 billion.

Unit sales increased in countries such as India, Vietnam and the Philippines, remained at the same level as the previous year in developed markets, and declined in countries such as Indonesia, China and Brazil. Net sales declined in the business as a whole owing to the impact of exchange rates. Operating income rose in emerging markets due to increased sales of higher-priced products and the effects of cost reductions, fell in developed markets due to the effects of exchange rates, and declined in the business as a whole.

In developed markets, the Company is implementing initiatives focusing on inventory reduction, the financial business and further structural reforms. In addition, amid a robust market in India, the Company continues to make efforts to proactively increase sales and at the same time lower the break-even point. While sluggish economic conditions continue in Brazil and China, the Company strives for further structural reforms.

### Marine Products

Net sales declined ¥12.1 billion, or 3.9%, year on year, to ¥297.2 billion, and operating income declined ¥8.6 billion, or 13.4%, to ¥55.4 billion.

Unit sales of outboard motors expanded in North America and Europe, where sales are centered on large models. Although sales and profit declined due to the effects of exchange rates in the business as a whole, a high earnings structure with an operating margin of 19% was maintained. For the future, the Company is creating a business model aimed at becoming a system supplier.

### Power Products

Net sales declined ¥17.2 billion, or 10.1%, year on year, to ¥152.3 billion, and operating income declined ¥11.5 billion, or 71.8%, to ¥4.5 billion.

ROV retail units sold increased, but the number of units produced and sold declined in line with inventory adjustments. Increased expenses as a result and the effects of exchange rates led to a decline in sales and profit in the business as a whole. For fiscal 2017, the Company will bring new platform models to market, while swiftly realizing business normalization.

### Industrial Machinery and Robots

Net sales rose ¥0.4 billion, or 0.8%, year on year, to ¥46.9 billion, and operating income rose ¥0.3 billion, or 4.2%, to ¥7.5 billion.

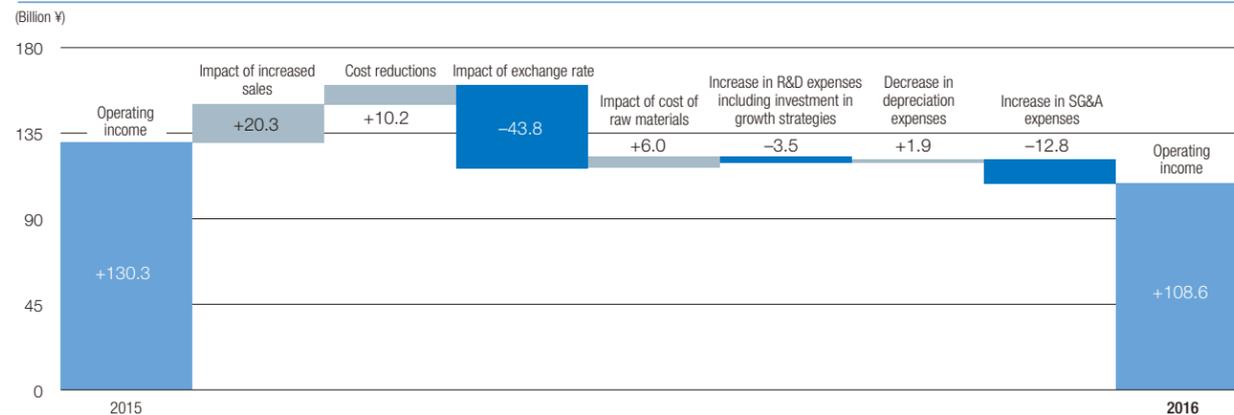
While the unit sales of surface mounters decreased owing to sluggish economic conditions in China, increased sales of high-value-added products, etc., led sales and profit to increase. An operating margin of 16% was achieved, and the Company's high earnings structure has further progressed. The Company is broadening its customer base in the next-generation solutions business, including high speed and multi-feature surface mounters and integrated control robot systems.

### Other Products

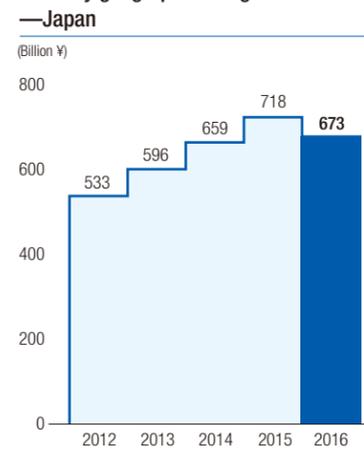
Net sales rose ¥3.1 billion, or 4.2%, year on year, to ¥76.3 billion, and operating income rose ¥1.2 billion, or 30.1%, to ¥5.2 billion.

In electrically power assisted bicycles, exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe and sales of finished units in Japan grew. As a result, sales and profit increased for the other products business overall. In global markets, the Company is further broadening its customer base.

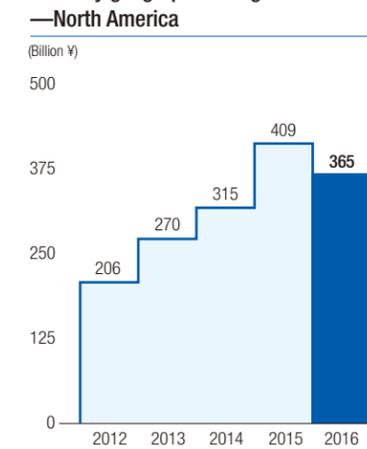
## Factors Impacting Operating Income



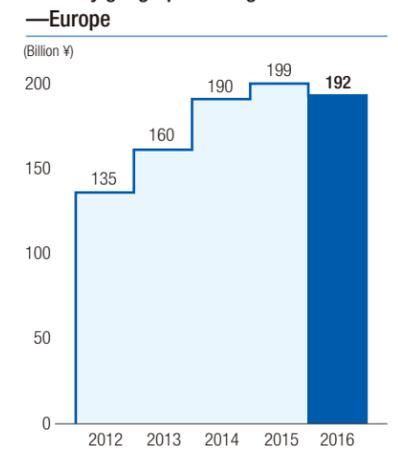
## Sales by geographical segment <sup>Note 1</sup>



## Sales by geographical segment <sup>Note 1</sup>



## Sales by geographical segment <sup>Note 1</sup>



**Sales Performance and Operating Income by Geographical Segment** Note 1

**Japan**

Net sales in Japan declined ¥45.1 billion, or 6.3%, year on year, to ¥673.2 billion, and operating income declined ¥13.5 billion, or 31.5%, to ¥29.3 billion.

Unit sales of electrically power assisted bicycles and other items increased, but motorcycle shipments to North America and unit sales of surface mounters and other items decreased. In addition, unit sales of motorcycles in Japan remained flat versus the previous year.

**North America**

Net sales in North America declined ¥44.3 billion, or 10.8%, year on year, to ¥364.8 billion, and operating income declined ¥20.9 billion, or 56.7%, to ¥16.0 billion.

Unit sales of outboard motors rose; however, unit sales of motorcycles decreased due to the effect of planned distribution inventory reduction.

**Europe**

Net sales in Europe declined ¥7.0 billion, or 3.5%, year on year, to ¥191.9 billion, and operating income rose ¥0.9 billion, or 8.4%, to ¥11.1 billion.

Unit sales of motorcycles remained at the same level as the previous year. Unit sales of outboard motors and snowmobiles decreased mainly in Russia.

**Asia**

Net sales in Asia (excluding Japan) declined ¥73.8 billion, or 9.6%, year on year, to ¥692.0 billion, while operating income rose ¥8.0 billion, or 20.8%, to ¥46.6 billion.

Unit sales of motorcycles grew in India, Vietnam, and the Philippines, but declined in Indonesia and China.

**Others**

Net sales in other areas declined ¥29.4 billion, or 18.2%, year on year, to ¥132.6 billion, and operating income rose ¥0.7 billion, or 14.9%, to ¥5.6 billion.

Unit sales of motorcycles decreased in Brazil and other markets.

Note 1: Net sales by geographical segment include intersegment sales.

**Income and Expenses**

**R&D Expenses**

The Yamaha Motor Group aims to be a “Kando Creating Company,” and seeks to achieve this through continuous growth as an excellent engineering, manufacturing and marketing enterprise with a

prominent presence in the global market, while also pursuing customers’ changing dreams. Our technological development uses original and innovative ideas to provide pure enjoyment backed by reliability, together with a refined uniqueness that people find attractive. From this, our mission is to create products and technologies that embody the unique style of Yamaha.

As we continue to take on new challenges in the three areas of “creating enjoyment in personal mobility,” “socially and environmentally creative technology” and “helping create more fulfilling lifestyles,” we will pursue proactive R&D activities through particular use of our three core competencies in small-engine technology, electronic control technology, and chassis/hull technology.

By delivering products that embody the unique style of Yamaha, we seek to create strong connections with customers around the world. Our global R&D structure is at the core of these efforts, and we are proactively pursuing R&D activities in close cooperation with affiliated companies in Japan and overseas.

Under these circumstances, the Group’s overall R&D expenses were ¥94.9 billion.

**Non-Operating Income and Expenses**

Net non-operating income was negative in the amount of ¥6.5 billion, compared with a negative ¥5.1 billion in the previous year. This included

foreign exchange losses of ¥8.3 billion (compared with ¥9.2 billion in the previous year), interest expenses of ¥4.6 billion (compared with ¥5.7 billion in the previous year), and interest income of ¥4.3 billion (compared with ¥4.7 billion in the previous year).

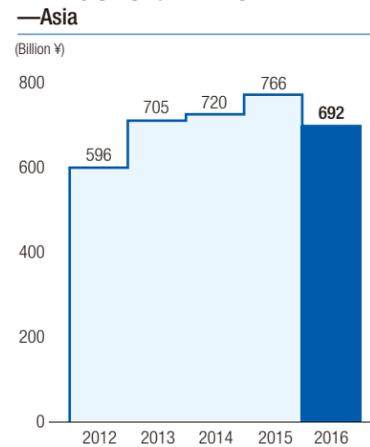
**Extraordinary Income and Loss**

Net extraordinary income was negative in the amount of ¥2.3 billion, compared with a negative ¥2.6 billion in the previous year. This was mainly from an impairment loss totaling ¥1.4 billion (compared with ¥0.3 billion in the previous year) and a loss on disposal of non-current assets of ¥1.0 billion (compared with ¥1.1 billion in the previous year) at the Company and overseas subsidiaries.

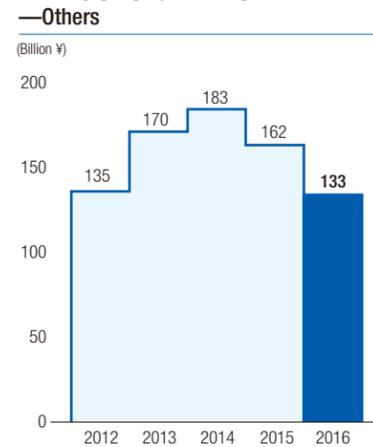
**Income Taxes**

Income taxes decreased ¥28.7 billion, or 52.9%, year on year, to ¥25.5 billion. This decrease reflects the absence of ¥35.6 billion in additional payment for corporate income taxes by U.S. subsidiaries in the previous year, as a result of a mutual agreement procedure between Japan and U.S. tax authorities regarding the Advance Pricing Agreement (APA) pertaining to transfer pricing, as well as the additional recording of ¥14.4 billion in deferred tax assets at the Company.

**Sales by geographical segment** Note 1



**Sales by geographical segment** Note 1



**R&D expenses and % of R&D expenses to net sales**



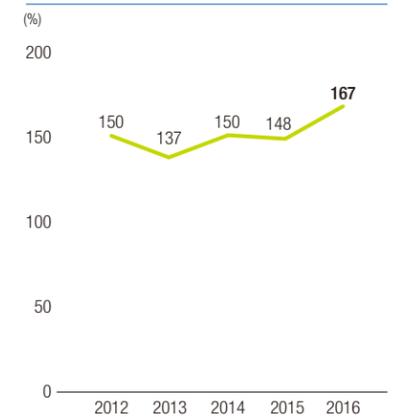
**Capital expenditures and depreciation**



**Net assets per share and equity ratio** Note 2



**Current ratio**



### Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests includes interests owned by non-controlling shareholders in Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd., PT. Yamaha Indonesia Motor Manufacturing, Industria Colombiana de Motocicletas Yamaha S.A., and India Yamaha Motor Pvt. Ltd., and increased ¥2.7 billion, or 31.7%, from the previous year, to ¥11.1 billion.

### Capital Resources and Liquidity Assets, Liabilities and Total Net Assets

Total assets as of December 31, 2016, increased ¥13.5 billion, from December 31, 2015, to ¥1,318.8 billion. Current assets fell ¥5.6 billion, due to a decrease in inventories and other factors. Non-current assets increased ¥19.1 billion as a result of factors including an increase in property, plant and equipment.

Total liabilities decreased ¥30.2 billion, to ¥743.4 billion, mainly from the repayment of interest-bearing debt.

Total net assets increased ¥43.7 billion, to ¥575.4 billion, which included the recording of ¥63.2 billion of profit attributable to owners of parent, ¥18.2 billion of cash dividends paid, and a change in foreign currency translation adjustment of ¥7.6 billion. As a result, the shareholders' equity ratio as of December 31, 2016, was 40.5% (an improvement of 2.9 percentage points from the end of the previous fiscal year). The net debt-equity ratio was 0.4 times, compared with 0.6

times at the end of the previous fiscal year.

Note 2: Equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / Total assets x 100 (%)

### Capital Expenditures

The Group made investments of ¥61.3 billion in total during fiscal 2016.

The motorcycle business invested ¥32.0 billion for new products in Japan and overseas, and for the transfer of production facilities of multi-cylinder engines to Indonesia. The marine products business invested ¥9.4 billion for new products, research and development, and the restructuring of the domestic manufacturing system. The power products business invested ¥7.1 billion, mainly for new products of recreational off-highway vehicles (ROVs), and the industrial machinery and robots business invested ¥8.4 billion, primarily for the relocation of its office. The other products business invested ¥4.4 billion, mainly for new products and research and development of electrically power assisted bicycles.

### Cash Flows

Net cash provided by operating activities during fiscal 2016 was ¥143.2 billion (compared with ¥28.5 billion provided in the previous year), which included profit before income taxes of ¥99.7 billion (¥122.6 billion), depreciation of ¥42.4 billion (¥44.3 billion), and a decrease in working capital of ¥9.8 billion (compared with an increase of ¥38.8

billion in the previous year), due to factors including a decrease in inventories.

Net cash used in investing activities during fiscal 2016 was ¥46.5 billion (compared with ¥68.5 billion used in the previous year), which included ¥50.4 billion used for purchase of property, plant and equipment and intangible assets (¥67.5 billion).

Net cash used in financing activities during fiscal 2016 was ¥67.6 billion (compared with ¥6.8 billion provided in the previous year), which included the repayment of loans payable and cash dividends paid.

As a result of the activities discussed above, free cash flows for fiscal 2016 were a positive ¥96.6 billion (compared with a ¥40.0 billion negative free cash flow in fiscal 2015). Interest-bearing debt at the end of the fiscal year was ¥364.4 billion (a ¥45.8 billion decrease), and cash and cash equivalents totaled ¥135.5 billion (a ¥27.9 billion increase). Interest-bearing debt included ¥214.6 billion (a ¥12.2 billion increase) in borrowings for sales finance.

### Cash Dividends

In the current Medium-term Plan, the Company seeks to "create a stable financial foundation, and increase new growth investment and stock dividends," and sets the benchmark at dividend payout ratio of 30% of profit attributable to owners of parent.

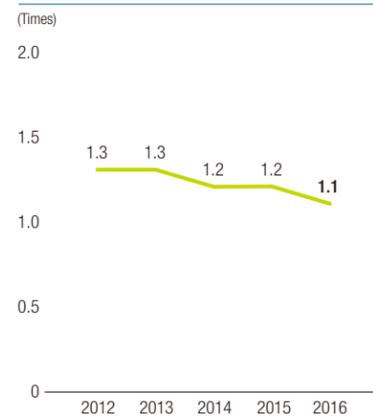
The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company's Articles of Incorporation provides that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company decided to pay a year-end dividend of ¥30 per share for fiscal 2016. Added to the interim dividend (¥30 per share), this gave a total dividend for the year of ¥60 per share.

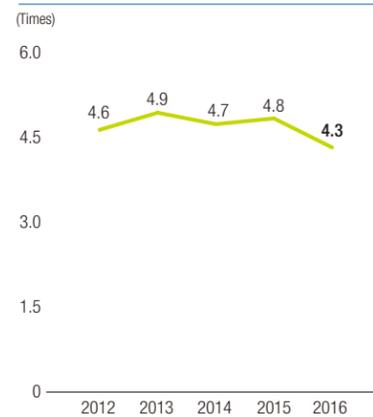
### Demand for Funds

The Group's fund requirements are primarily to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs for products and merchandise, SG&A expenses, working capital and capital expenditures.

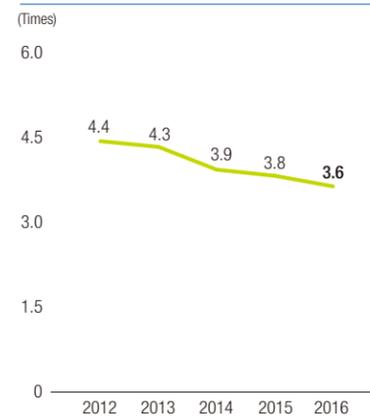
#### Total asset turnover



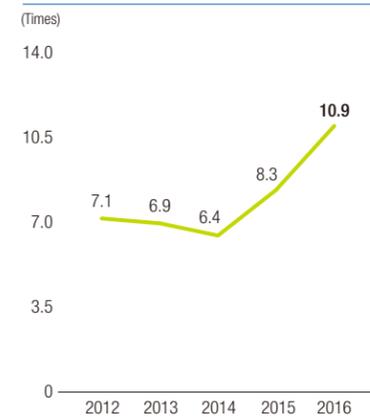
#### Property, plant and equipment turnover



#### Inventory turnover



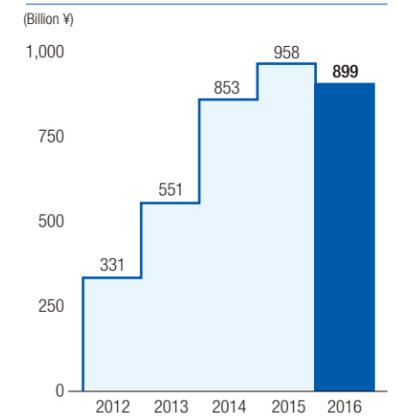
#### Account receivable turnover



#### Interest-bearing debt and debt/equity ratio



#### Market capitalization



### Fund Procurement Conditions

Group companies acquire short-term loans payable denominated in local currencies to use as working capital. Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

The annual amounts of interest-bearing debt to be repaid are as follows:

(Billion ¥)							
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	128.5	128.5	—	—	—	—	—
Long-term loans payable	235.9	53.9	51.1	102.5	11.8	16.5	—

Note: Long-term loans payable includes current portion of long-term loans payable.

### Share Performance

Price per share decreased from ¥2,744 at December 31, 2015, to ¥2,574 at December 31, 2016. The number of shares outstanding, excluding treasury stock, increased from 349,221,663 shares at December 31, 2015, to 349,235,122 shares at December 31, 2016. As a result, the market capitalization of the Company decreased from ¥958.3 billion at December 31, 2015, to ¥898.9 billion at December 31, 2016.

### Forecast for Fiscal 2017

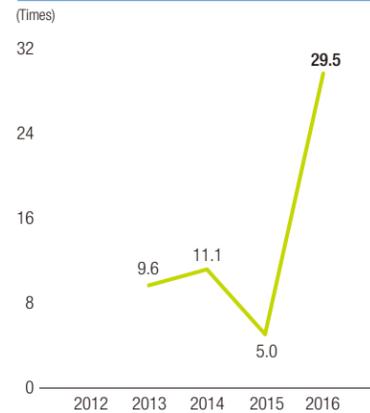
In the fiscal year ending December 31, 2017, the Company expects market conditions and business environment continue to be similar to those of the previous fiscal year. Under these conditions, the Company plans to maintain stable profits while steadily implementing medium-term initiatives. Consolidated financial results forecast is as follows.

(Billion ¥)	
Net sales	1,600.0 (+97.2, 6.5%)
Operating income	120.0 (+11.4, 10.5%)
Ordinary income	120.0 (+17.9, 17.6%)
Profit attributable to owners of parent	75.0 (+11.8, 18.8%)

Note: The figures in parentheses indicate amount and percentage changes from the fiscal year ended December 31, 2016.

The forecast is based on the assumption that the exchange rates are ¥110 against the U.S. dollar (a depreciation of ¥1 from the previous fiscal year) and ¥115 against the euro (an appreciation of ¥5 from the previous fiscal year).

### Interest coverage

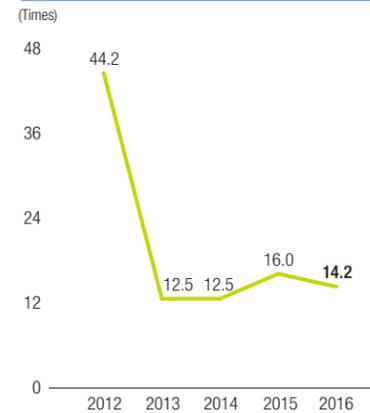


Note: Interest coverage for fiscal 2012 is not listed, due to the negative status of cash flow from operating activities during the period.

### Cash dividends per share and payout ratio

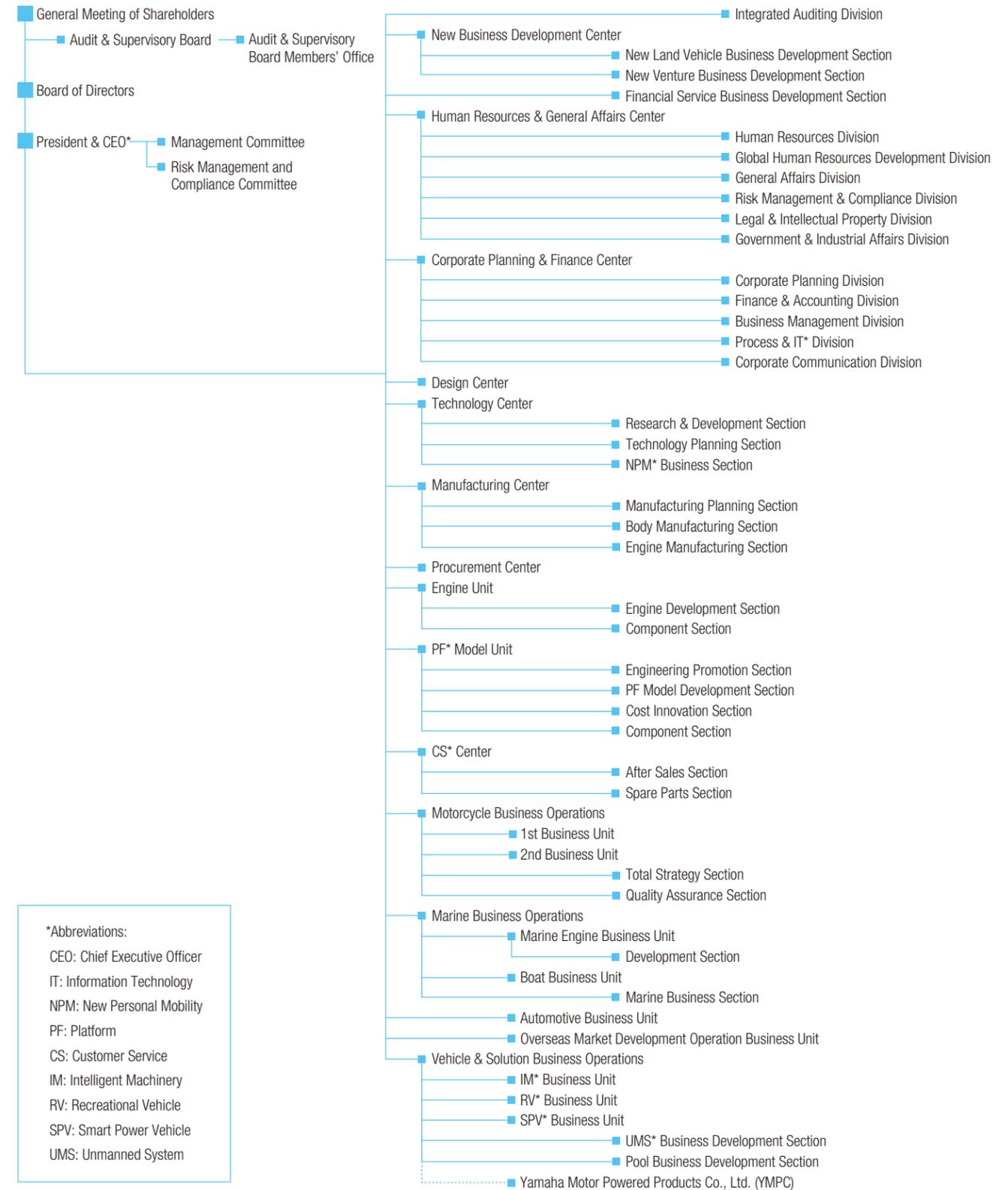


### Price/earnings ratio



## Organization

Yamaha Motor Co., Ltd., as of April 1, 2017



**\*Abbreviations:**

- CEO: Chief Executive Officer
- IT: Information Technology
- NPM: New Personal Mobility
- PF: Platform
- CS: Customer Service
- IM: Intelligent Machinery
- RV: Recreational Vehicle
- SPV: Smart Power Vehicle
- UMS: Unmanned System